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98TH CONGRESS
1ST SESSION

H. R. 942

To amend the Securities Exchange Act of 1934 to restrict persons who are not citizens of the United States from acquiring more than 35 per centum of the nonvoting securities or more than 5 per centum of the voting securities of any issuer whose securities are registered under such Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 25, 1983

Mr. GAYDOS introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To amend the Securities Exchange Act of 1934 to restrict persons who are not citizens of the United States from acquiring more than 35 per centum of the nonvoting securities or more than 5 per centum of the voting securities of any issuer whose securities are registered under such Act, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Investors Limita-
4 tion Act".

5 SEC. 2. The Congress declares that inasmuch as recent
6 international monetary changes have created a new climate

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1 for substantial investment by foreign investors in business ac-
2 tivity in the United States and inasmuch as excessive foreign
3 investment in American businesses may present dangers to
4 the domestic control of our own industry, it is the purpose of
5 this Act to protect American corporations and workers from
6 foreign control and encourage the diversification of foreign
7 investment in domestic industry by placing certain limitations
8 on such investments as shall be prescribed by this Act.

9 SEC. 3. The Securities Exchange Act of 1934 is amend-
10 ed by adding after section 12 of such Act the following new
11 section:

12 "LIMITATIONS ON ACQUISITIONS OF SECURITIES BY
13 FOREIGNERS

14 "SEC. 12A. (a) The Commission shall prohibit, by rule,
15 any person—

16 "(1) who is not a citizen of the United States; or

17 "(2) who is owned or controlled by a person who
18 is not a citizen of the United States;

19 from acquiring, directly or indirectly, more than 5 per centum
20 of the voting securities, or more than 35 per centum of the
21 nonvoting securities, of any issuer whose securities are regis-
22 tered under section 12 of this Act.

23 "(b) The Commission shall enforce subsection (a) of this
24 section by appropriate rules, prescribed within ninety days of
25 the date of enactment of this section.

1 “(c) Any person who is not a citizen of the United
2 States, or who is owned or controlled by a person who is not
3 a citizen of the United States, which owns more than the
4 percentages specified in subsection (a) of this section, as of
5 the date of enactment of this section, of such voting or non-
6 voting securities of any issuer whose securities are registered
7 under section 12 of this Act, may not acquire any more of
8 such securities.

9 (d) The Commission shall provide, by rule, for the regis-
10 tration with the Commission of any person who is not a citi-
11 zen of the United States or is owned or controlled by a
12 person who is not a citizen of the United States before such
13 person acquires any securities of any issuer registered under
14 section 12 of this Act.”.

15 SEC. 4. The amendments made by this Act shall take
16 effect immediately, except that section 12A(a) of the Securi-
17 ties Exchange Act of 1934 (as amended by this Act) shall
18 take effect on the earlier of (1) the expiration of the ninety-
19 day period which begins on the date of enactment of this Act
20 or (2) the date on which rules prescribed under section
21 12A(b) of such Act become effective.

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